

Kentucky Agricultural Development Board

Minutes of the December Board Meeting

The regular meeting of the Kentucky Agricultural Development Board was held on **Friday, December 17, 2004** at **11:00 a.m. EST** at the Franklin County Cooperative Extension Office. Deputy Commissioner Mark Farrow, presiding, called the meeting to order; the Secretary called the roll.

Members Present

Donna Amburgey; H. H. Barlow; Daniel Case; John Cleaver; Rodney Dick; Commissioner Richie Farmer (Deputy Commissioner Mark Farrow, designee); Sam Lawson; Jim Mahan; Sam Moore; Dean M. Scott Smith; Secretary Gene Strong (Don Goodin, designee)

Members Absent

Governor Ernie Fletcher; Vickie Yates Brown; Dennis Griffin; Wayne Hunt

Others Present

Staff - Catherine Ball; Angela Blank; Brian Furnish; Sandy Gardner; Tim Hughes; Kara Keeton; Maggie May; Bill McCloskey; Joel Neaveill; Lucinda Pease; Keith Rogers; Nick Whobrey; Stephen Yates **Guests** – Rick Alexander, Commodity Growers Cooperative; John Wilhoit, Woodford County Farmer's Market; Aleve Douglas, Community Farm Alliance; Ray Bowman, Kentucky Goat Producers Association; Lowell Atchley, Legislative Research Commission; Larry Snell, Kentucky Center of Cooperative Development; Joe Cecil, West Kentucky Growers Cooperative; Waylan Raming, West Kentucky Growers Cooperative; Stephen A. Colman, Kentucky Division of Conservation; Rick Maurer, University of Kentucky College of Agriculture; Mac Stone, Kentucky Department of Agriculture; Sharon Burton, Framers Pride; Tony Pescatore, University of Kentucky; Kathi Marshall, Office of State Budget Director.

Notification of Media

Deputy Commissioner Farrow received verification from Keith L. Rogers, Chief Executive Officer, that the media had received notice regarding the Agricultural Development Board meeting. Mr. Rogers announced that a representative from Farmer's Pride was at the meeting and welcomed Sharon Burton.

Welcome

Mark Farrow welcomed staff and board to the meeting. Deputy Commissioner Farrow let the Board know that the Commissioner had intended to attend the meeting, but was feeling under the weather.

Approval of Minutes

The minutes of the Friday, November 19, 2004 meeting were approved as presented. Mr. Barlow moved to approve the Minutes of the November 19, 2004 meeting. Rodney Dick seconded the motion. Motion passed without dissent.

Miscellaneous Projects Recommendation

The resumed discussion of recommendation made at their October Planning Meeting, which had not yet been acted upon.

Mr. Rogers let the board know that Catherine Ball is not present at this time because she is working on Phase II briefs, which are due today.

Dean Smith moved that the recommendations made by staff for Pilot Programs be approved. Mr. Dick seconded the motion. The motion passes without dissent.

- What is the Boards position on funding pilot programs?

Recommendation: One pilot program should be funded initially. If, following a review of the compliance documentation and any other necessary data, the Board feels that the program should be continued other entities may apply for similar funding subject to the guidelines established based upon the review of the pilot program.

- How does the Board want the GOAP staff to determine the success of the pilot programs?

Recommendation: The Compliance Division shall conduct a thorough review of pilot programs, which shall include a comprehensive review of the financial reports and compliance reports submitted by the Applicant and may include a site visit. The results of this review shall be presented to the Board for a decision on the continuation of the project.

- How does the Board wish to determine benchmarks for success?

Recommendations: The application shall state the benchmarks required for the program prior to the funding. Based upon these benchmarks and other relevant data the success shall be determined.

Dean Smith moved that the board accept changes for the Cooperative section with the amendment that staff does an external review. Mr. Dick seconded the motion. The motion passed without dissent

- How does the Board want the Cooperatives to be evaluated in the future?

Recommendation: An analysis of cooperatives within the Commonwealth of Kentucky shall be conducted annually. This analysis should be multi-level, including, but not limited to, financial performance, number of producers impacted, alternative sources of income, and growth of the cooperative. Also, an annual audit shall be required with 50%, up to \$5000, of the audit eligible for funding if they are in compliance with other parameters. Until this analysis & audit has been successfully completed, the cooperative would not be eligible for additional funding.

Mr. Rogers explained there were modifications made to the Big Picture document, which include amended recommendations.

Mr. Rogers yielded the floor to Brian Furnish for a presentation on the changes.

Mr. Furnish reviewed the recommendations for “proactive recruiting vs. reactive reviewing.”

Mr. Furnish asked the Board to remove “beef” in their copy of the big picture because it should mean, all Kentucky products not just meat. Mr. Furnish commented that he thinks what is missing is a distribution center for the Kentucky Proud Products.

Dean Smith let the Board know that the University of Kentucky College of Agriculture is going to start a Food Systems Innovations Center which is a food processing technology center.

Mr. Lawson moved to approve the amended recommendations to the Big Picture Policy document. Mr. Cleaver seconded the motion. The motion passed without dissent.

Sam Moore discussed the tobacco production section in the Big Picture Policy document. Mr. Moore argued that tobacco is going to still be a big dependency in Kentucky. Mr. Moore wants a model program that benefits tobacco producers. Mr. Moore moved that staff look into HB 611 and what could be done for a tobacco county model program. Dean Smith seconded the motion. The motion passes without dissent.

Mr. Lawson moved to suspend the current agenda by having the Purchase of Agriculture Conservation Easement (PACE) Presentation first and then a discussion on Kentucky West Growers with a time limit of forty five minutes for the Kentucky West Growers discussion. Donna Amburgey seconded the motion. The motion passed without dissent.

Mr. Rogers introduced Brent Frazier and Rick Maurer (handout on file with Secretary) to speak on the results from the Purchase of Agricultural Conservation Easement Survey.

Dr. Maurer provided back ground about the PACE program and the development of the survey.

Mr. Frazier distributed copies of the survey and reviewed the results.

Mr. Furnish asked if the survey included Fayette County. Mr. Maurer responded that Fayette County was not included.

Mr. Dick asked if someone wanted to know about more about the PACE Program where should they look. Mr. Frazier responded by word of mouth through the NRCS and Extension offices all of which have brochures.

Mr. Lawson asked if there is a plan for Fayette County. Mr. Frazier responded that they give priority to tracks, noting that PACE tries to create blocks of 500 acres or more.

Mr. Frazier let the board know that the PACE Board is always open to suggestions.

Mr. Barlow asked what their state budget is currently. Mr. Frazier responded that they have \$400,000 that is guaranteed. Mr. Rogers added that the Board is paying two million dollars per year on a Bond issued for Farmland Preservation.

Mr. Cleaver asked what they are paying an acre. Mr. Frazier responded they are paying \$8.85 per acre.

Mr. Dick asked what they are going to do to make people aware of this money. Mr. Frazier responded that they were at the state fair, field days etc.

Mr. Rogers asked the board to keep in mind that there is more of a demand than there is money, so there is no reason to go out advertising when there is no money.

West Kentucky Growers Discussion

Mr. Rogers introduced two guests, Joe Cecil, General Manager, and Waylan Raming, CFO, of West Kentucky Growers.

Mr. Rogers introduced Bill McCloskey to lead the discussion on West Kentucky Growers Cooperative (WKGC).

Mr. Rogers noted that staff is not making any recommendations and that staff suggests a special meeting in Owensboro, since the urgency of this matter is great.

Mr. McCloskey went over some of the financial statements that were sent in the Board's mailing (On File with Board Secretary)

Mr. Rogers explained to the Board that the WKGC was leasing the facility for one dollar a year to get the Cooperative started. On November 2001 the board approved a 1.5 million dollar repayable loan to buy the building and a \$234,000 forgivable loan to purchase the acreage adjacent to the building, noting that there is no interest being paid on the loan.

Mr. McCloskey presented the sheet of options and explained each. (On File with Board Secretary)

Mr. Rogers once again reminded the board that the Red Committee is not making recommendations.

Mr. Cleaver asked if a decision should be made today because January is several weeks away. Joe Cecil responded the sooner the better, but they can work until January if necessary.

Mr. Barlow asked if they had successful year in 2002. Mr. Cecil responded they were not profitable.

Mr. Rogers introduced Larry Snell and Laura Powers from Kentucky Center for Cooperative Development (KCCD).

Mr. Rogers explained to the Board that the options page was put together by staff, not West Kentucky Growers Cooperative so the board may approve one of the options if they wish.

Mr. Dick asked how much is owed to the Coop by the growers. Mr. Cecil responded \$76,000.

Mr. Cecil wanted the Board to know the 2005 budget was based upon the worst case scenario.

Dean Smith asked if the WKGC Board has looked at selling the extra 156 acres.

Mr. Cecil responded that if they did, it then would create expenses, because of the use they have for the land.

Mr. Lawson expressed his concern for the years of glowing budget proposals and constant losses.

Allen Taylor, Chairman of the WKGC Board of directors said they have a waiting list of growers. They are optimistic for the potential if they can get a good growing season we could get the production.

Mr. Cleaver asked if growers are waiting to see if WKGC is going to get Agricultural Development Funds before they sign the contracts. Mr. Cecil responded that is not the case.

Mr. Case asked how many Cooperative members there were. Mr. Cecil replied as of today we have thirty four members. Mr. Cecil explained from 2003 through today there has not been much change.

Mrs. Amburgey asked how many people were on salary for WKGC.

Mr. Cecil replied that there are two, during peak season there are seventy five.

Mr. Lawson asked if this Cooperative was not operating where would people take their product.

Mr. Cecil replied they would not have a place to take their product.

Dean Smith asked Mr. Rogers if staff could have a recommendation by the first week in January.

Mr. Rogers responded that they would try, but given the seriousness of the situation staff may provide options and let the board decide.

Mr. Barlow stated that he believes the biggest problem is the \$400,000 operating line of credit.

Mr. Lawson moved to have a special meeting in Owensboro in conjunction with the Kentucky Agricultural Finance Cooperation and the Kentucky Cattlemen's Convention on January 7, 2004 and a possible tour of the West Kentucky Growers Cooperative facility. Mr. Dick seconded the motion. The motion passed without dissent.

Mr. Rogers stated that he would like to have the meeting in the morning.

Mr. Case asked if the Board is planning on making a decision that day.

Mr. Rogers stated that he does not think WKGC can wait until the January 21, 2004 meeting.

Executive Director's Report

Deputy Commissioner Farrow yielded the floor to Mr. Rogers for the Executive Director's Report.

Mr. Rogers presented to the Board a merit award that he received on behalf of the Board from the Soil and Water Conservation Society.

Mr. Rogers reported on the December Tobacco Settlement Oversight Committee Meeting explaining that the irrigation project from Trigg County was discussed by the members in a good way.

Mr. Dick moved that at the January 7, 2004 meeting that the Board make a decision on WKCG. Mr. Cleaver seconded the motion. The motion passed without dissent.

Mr. Rogers gave an update on Phase II and said that today is the deadline for the briefs to be filed with the North Carolina Business Court.

Mr. Rogers said he and Catherine Ball will be attending the hearing on Monday in North Carolina. Mr. Rogers believes there is no question that this case is going to be appealed. The USDA did not send payment notices on December 1, 2004, so that keeps our argument intact. It is safe to say there will be no checks sent out December 31, 2004 and no one really knows when, or if they will be sent.

Mr. Rogers and Mr. Furnish updated the Board on other Kentucky Cooperative issues.

Mr. Furnish explained to the Board that Cumberland Farm Product (CFP) a cooperative in Russell Springs and Monticello has been in existence for thirty years, but the problem is there is no grower commitment. CFP has a lot of assets and a small amount of debt, and they have agreed to possibly sell the Russellville facility. They understand that to do anything they have to come to this Board because there is a mortgage on the Russell Springs facility. Mr. Furnish anticipates the Board will receive a proposal from CFP in the spring.

Mr. Rogers gave an update on Purchase Area Aquaculture Cooperative (PAAC); there have not been many changes. Maggie May, Nick Whobrey and Mr. Rogers are putting together a binder of PAAC correspondence from this past year.

Mr. Rogers and Mr. Furnish updated the Board on proactive meetings with agricultural companies.

Mr. Rogers explained that staff has met with Caudill Seed Company and Sygen International the parent company to PIC. Mr. Rogers anticipates that there will be an application or presentation about indoor marine shrimp.

Mr. Furnish explained that "Company X" is looking at purchasing a facility in Central Kentucky. Mr. Furnish asked if the company would commit to hire tobacco dependent farmers then would the board be interested in the project.

Mr. Cleaver asked what kind of jobs they would be.

Mr. Furnish responded there would be about thirty in a manufacturing position.

Tim Hughes said they would be making \$11.00 per hour starting wages.

Don Goodin said that is very good for the area.

Mr. Rogers noted that January 21, 2005 is the next board meeting which will start at 8:00 a.m. or 8:30 a.m. in Lexington.

Mr. Rogers asked Sandy Gardner to give an annual meeting update.

Ms. Gardner explained there would be a general session, break out session, financial session, model program administrator's session, county council members session, and exhibits. Ms. Gardner indicated that all extension agents and those county councils that had been updated in the last year received a notice.

Mr. Cleaver asked if all county council members received invites.

Mr. Rogers asked the Board to be there all day and circulate.

Ms. Amburgey asked if the board would be introduced. Mr. Rogers said yes you will be introduced in the opening session.

Referral of January Projects¹

Mr. Rogers presented twelve projects for referral to the Board's Project Review Committees. Mr. Lawson moved that projects A2004-0502 through A2004-0527 be referred to the Board's Project Review Committees; Mr. Dick seconded the motion. The motion passed without dissent.

Approval of Model Programs²

Commissioner Farmer submitted project A2004-0512 as a project meeting the model **Agricultural Diversification Program** guidelines.

Commissioner Farmer submitted project A2004-0511 as a project meeting the model **Cattle Genetics Improvement Program** guidelines.

Commissioner Farmer submitted projects A2004-0528, A2004-0510, and A2004-0499 as projects meeting the model **Cattle Handling Facilities Program** guidelines.

Commissioner Farmer submitted project A2004-0518 as a project meeting the model **Farm Livestock Fencing Improvement Program** guidelines.

Commissioner Farmer submitted projects A2004-0513 and A2004-0503 as projects meeting the model **Forage Improvement & Utilization Program** guidelines.

Commissioner Farmer submitted project A2004-0504 as a project meeting the model **Forage Improvement Shared-Use Equipment** guidelines.

Commissioner Farmer submitted project A2004-0526 as a project meeting the model **Goat Diversification Program** guidelines.

Commissioner Farmer submitted projects A2004-0520, A2004-0505, A2004-0525, A2004-0451, A2004-0519, and A2004-0521 as projects meeting the model **Hay, Straw & Commodity Storage Program** guidelines.

¹ A detailed list of the referred projects is attached as Appendix A.

² A detailed list of projects funded under each model program category is attached as Appendix B.

Mr. Case moved the said applications be approved for the named model programs; Mr. Dick seconded the motion. The motion passed without dissent.

Review of Amendments

Mr. Rogers presented the following amendments for approval.

A2004-0147, Anderson County Farm Bureau, was approved for \$24,113 on April 29, 2004. The applicant requests a decrease in project funds of \$3,000.00 for the Hay, Straw, and Commodity Storage Program in Anderson County. These funds are to be reallocated to the county account. Approval of this request would bring the program total to \$21,113.00.

A2003-0391, Beef Improvement Council, Inc., was approved for \$79,000 on July 18, 2003. The applicant requests an increase in project funds of \$718.99 for the Cattle Handling Facilities Program in Breckinridge County. The request received a High priority from the Breckinridge County Council. Approval of this request would bring the program total to \$79,718.99.

A2003-0580, Beef Improvement Council, Inc., was approved for \$65,000 on November 21, 2003. The applicant requests a decrease in project funds of \$718.99 for the Forage Improvement & Utilization Program in Breckinridge County. These funds are to be reallocated to the county account. Approval of this request would bring the program total to \$64,281.01.

A2003-0630, The Louisville Agricultural Club, Inc., was approved for 2,010 on January 16, 2004. The applicant requests an additional \$1,686 for the Cattle Genetics Improvement Program in Jefferson County. The request received a High priority from the Jefferson County Council. The term of the program shall remain 12 months from the execution date of the original agreement. Approval of this request would bring the program total to \$3,696.00.

A2003-0631, The Louisville Agricultural Club, Inc., was approved for \$9,250 on January 16, 2004. The applicant requests an additional \$10,175.00 for the Cattle Handling Facilities Program from Jefferson County funds, which received a High priority from the Jefferson County Council. The term of the program shall remain 12 months from the execution date of the original agreement. Approval of this request would bring the program total to \$19,425.00.

A2003-0632, The Louisville Agricultural Club, Inc., was approved for \$22,550 on January 16, 2004. The applicant requests an additional \$9,055.00 for the Forage Improvement and Utilization Program in Jefferson County. The request received a High priority from the Jefferson County Council. The term of the program shall remain 12 months from the execution date of the original agreement. Approval of this request would bring the program total to \$31,605.00.

- A2003-0633, The Louisville Agricultural Club, Inc.,** was approved for \$20,000 on January 16, 2004. The applicant requests an additional \$6,250.00 for the Hay, Straw, and Commodity Storage Program in Jefferson County. The request received a High priority from the Jefferson County Council. The term of the program shall remain 18 months from the execution date of the original agreement. Approval of this request would bring the program total to \$26,250.00.
- A2004-0405, Jessamine County Conservation District,** was approved for \$30,000 on September 17, 2004. The applicant requests an additional \$27,500.00 for the Farm Livestock Fencing Improvement Program in Jessamine County. The request received a High priority from the Jessamine County Council. The term of the program shall remain 12 months from the execution date of the original agreement. Approval of this request would bring the program total to \$57,500.00.
- A2004-0030, Mason County Agriculture Diversification Council,** was approved for \$75,000 on March 19, 2004. The applicant requests an additional \$10,000.00 for the Agricultural Diversification Program in Mason County. The request received a High priority from the Mason County Council. The term of the program shall remain 12 months from the execution date of the original agreement. Approval of this request would bring the program total to \$85,000.00.
- A2004-0392, Spencer County Farm Bureau,** was approved for \$42,000 on August 20, 2004. The applicant requests an additional \$6,825.00 for the Farm Livestock Fencing Improvement Program in Spencer County. The request received a High priority from the Spencer County Council. The term of the program shall remain 12 months from the execution date of the original agreement. Approval of this request would bring the program total to \$132,825.00.
- A2004-0106, Carroll County Agriculture Development Fund, Inc.,** was approved for \$19,762.00 on April 29, 2004. The applicant requests an increase in project funds of \$11,000.00 for the Agricultural Diversification Program in Carroll County. The request received a High priority from the Carroll County Council. Approval of this request would bring the program total to \$30,762.00.
- A2004-0108, Carroll County Agricultural Development Fund, Inc.,** was approved for \$49,055.00 on April 29, 2004. The applicant requests an increase in project funds of \$15,000.00 for the Cattle Handling Facilities Program in Carroll County. The request received a High priority from the Carroll County Council. Approval of this request would bring the program total to \$64,055.00.
- A2004-0107, Carroll County Agriculture Development Fund, Inc.,** was approved for \$99,105.00 on April 29, 2004. The applicant requests a decrease in project funds of \$15,000.00 for the Forage Improvement & Utilization Program in Carroll County. These funds are to be reallocated to the Carroll County account. Approval of this request would bring the program total to \$84,105.00.
- A2004-0109, Carroll County Agricultural Development Fund, Inc.,** was approved for \$22,000 on April 22, 2004. The applicant requests a decrease in project funds of \$11,000.00 for the On-Farm Water Enhancement Program in Carroll County. These funds are to be reallocated to the Carroll County account. Approval of this request would bring the program total to \$11,000.00.

A2004-0414, Clinton County Farm Bureau, Inc. and SKAD, was approved for \$50,000.00 on September 17, 2004. The applicant requests an increase in project funds of \$75,000.00 for the Farm Livestock Fencing Improvement Program in Clinton County. Approval of this request would bring the program total to \$125,000.00.

A2004-0492, Clinton County Farm Bureau, Inc. and SKAD, was approved for \$75,000.00 on November 19, 2004. The applicant requests a decrease in project funds of \$75,000.00 for the Farm Livestock Fencing Improvement Program in Clinton County. These funds are to be reallocated to the Clinton County account. Approval of this request would bring the program total to \$0.00 and will be closed out.

Mr. Moore moved that the said amendments be approved; Mr. Goodin seconded the motion. The motion passed without dissent.

A2004-0300, Ohio County Revolving Loan Fund, was approved for \$100,000 on June 18, 2004. The County has been unable to loan funds because of various restrictions within the original application. Therefore it is requesting changes in the program which should make participation in the program more attractive to local financial institutions that would benefit local producers by having increased access to capital. (The requested changes are on file with the Board Secretary.)

Mr. Dick moved to approve the amendment. Mr. Goodin seconded the motion. The motion passed without dissent.

A2004-0443, Edmonson County Conservation, was approved for \$17, 085 on November 19, 2004 to implement a Lime Program. The Edmonson County Conservation District would like to amend the agreement allowing farmers that have received funds in the Forage Resource Improvement and Utilization Model Program to be eligible for funds under the Lime only program. They are making this request because they do not feel there will be enough eligible producers to utilize the funding with a \$500 maximum.

Mr. Mahan moved to approve the amendment. Ms. Amburgey seconded the motion. The motion passed without dissent.

A2004-0452, Montgomery County Conservation, was approved for \$25,125 on November 19, 2004 to implement a Lime Program in Montgomery County. They are making the request to amend the agreement allowing producers that received funds in the Forage Resource Improvement and Utilization Model Program to be eligible for funds under this program.

Mr. Cleaver moved to approve the amendment. Mr. Dick seconded the motion. The motion passes without dissent.

A2003-0118, The Kentucky Grape & Wine Council , is requesting and extension on grant A2003-0118 that was entered into on November 10, 2003 for reasons explain in the attached memo (On file with Board Secretary) provided by Michael Judge of the Kentucky Department of Agriculture. Staff is recommending that the term of the grant be extended until June 30, 2007 to guarantee that the two year commitment could be completed.

Mr. Barlow moved to approve the amendment. Mr. Lawson seconded the motion. The motion passed without dissent.

Committee Reports

Blue Project Review Committee

Recommendations for Funding

H. H. Barlow reported for the Blue Project Review Committee (PRC). Mr. Barlow noted that the Blue PRC is presenting one project for funding consideration.

Mr. Barlow presented **A2004-0493, Henry County Boer Goat Association**. The application received a high priority from Henry County. The Henry County Boer Goat Association requested \$16,500 of Henry County funds to purchase handling equipment and pens (including panels, gates, alleys & other equipment needed to conduct sales or shows of small livestock.) to be rented to individual producers, youth groups and livestock organizations to hold sales, shows, contests, etc. Mr. Barlow reviewed the proposed terms and conditions for the project.

Mr. Barlow moved that **A2004-0493 be approved for \$15,750 in Henry County funds**; Mr. Case seconded the motion. The motion passed without dissent.

Recommendations for No Funding

Mr. Barlow presented **A2004-0195, Central Kentucky Angus Sales, Inc.** The applicant requested \$10,000 in Garrard County funds and \$15,000 in State funds to repair the sale barn handling facilities of the Central Kentucky Sales Pavilion in Danville. Mr. Barlow moved that no funds be awarded to A2004-0295 based on the lack of a viable match; Mr. Dick seconded the motion. The motion passed without dissent.

Mr. Barlow presented **A2004-0475, Owsley County CLIP Program**. The applicant requested \$31,700 in Owsley County funds to administer a cattle improvement program to assist low income families of Owsley County and surrounding counties by providing each participant with two bred heifers to produce top quality offspring. Mr. Barlow moved that no funds be awarded to A2004-0475 based on a low county priority; Mr. Cleaver seconded the motion. The motion passed without dissent.

Red Project Review Committee

Recommendations for Funding

Mr. Lawson reported for the Red Project Review Committee (PRC). Mr. Lawson noted that the Red PRC is presenting two projects for funding consideration.

Mr. Lawson presented **A2004-0112, Hancock County Conservation District**. The application received a high priority from Hancock County. The Hancock County Conservation District requested \$100,000 of Hancock County funds to implement a cost share program to assist farmers with installing sub surfacing drainage systems as a way to improve crop yields to poorly drained soils. Mr. Lawson reviewed the proposed terms and conditions for the project.

Mr. Lawson moved that **A2004-0112 be approved for \$100,000 in Hancock County funds**; Mr. Cleaver seconded the motion. The motion passed without dissent.

Mr. Lawson presented **A2004-0388, Warren County Conservation District**. The application received a high priority from Warren County. The Warren County Conservation District requested \$35,000 of Warren County funds to implement a cost share program to assist farmers with installing sub surfacing drainage systems as a way to improve crop yields to poorly drained soils. Mr. Lawson reviewed the proposed terms and conditions for the project.

Mr. Lawson moved that **A2004-0388 be approved for \$35,000 in Warren County funds**; Mr. Dick seconded the motion. The motion passed without dissent.

Recommendations for No Funding

Mr. Lawson presented **A2004-0310, Richard & Travis Webster**. The applicant requested \$5,000 in county funds and \$75,000 in state funds for expansion of a milking parlor. Mr. Lawson moved that no funds be awarded A2004-0310 based on no county support for county funds and not enough regional scope to justify state funds; Mr. Mahan seconded the motion. The motion passed without dissent.

Other Business

Deputy Commissioner Farrow yielded the floor to Mr. Rogers.

Mr. Rogers let the Board know that model program revisions will be reviewed. He noted that this is very important because this is how the majority of the Agricultural Development Fund money is spent.

Mr. Rogers yielded the floor to Mr. Furnish to lead the discussion.

Mr. Furnish reviewed the 2005 proposed revisions to model programs.

(All Changes to model programs are on file with Board Secretary)

Agricultural Diversification

Mr. Rogers distributed a handout on how many computers (hardware & software) have been bought in the Agricultural Diversification Model Program. (On File with Board Secretary)

- Removed the following sections for consideration as separate model programs: Commercial Silviculture, Dairy Production, Swine Production.
- In *B. Commercial Fruit and Sweet Sorghum Production*, cultivation equipment was added as to #2.
- In *D. Greenhouse Construction or Conversion for Horticultural Enterprises*, commercial spraying equipment and protective gear was added as #5, noting that the producer must hold a current Private Pesticide Applicator's card.
- Under *E. Small Animal Production*, 3. "Pastured Poultry" and 5. "Other Fowl" were removed and placed under a new section *F. Poultry Production*
- Under *F. Poultry Production*, Pastured Poultry and Other Fowl were combined as one investment area with the following added: pasture/pen water lines or alternative water sources, permanent pens and shelters [Other fowl only]
- The following Other Fowl were added, as eligible, "chuckar, partridge, guinea fowl, water fowl, and pea fowl."
- Under the new section *F. Poultry Production*, Commercial Poultry was added with the following cost-share items: equipment for litter management, insect sprayers / cleaning & disinfecting equipment, compost/mortality disposal equipment, specific building modifications, alternative water sources, and litter storage, as well as the standard cost-share items in each of the investment areas.
- A new investment area was added, per direction from the October planning meeting: *K. Agri-tourism*
- A new investment area was added: *L. Certified or Commercial Kitchens*
- Language added to commercial poultry litter facilities stating that counties eligible for funds through the Conservation District are not eligible for this item.

Mr. Case moved to accept the amended Agricultural Diversification model program. Mr. Dick seconded the motion. The motion passed without dissent.

Cattle Genetics

- Added artificial insemination procedure and estrus synchronization as eligible cost-share items, along with semen.

Mr. Case moved to accept the amended Cattle Genetics model program. Mr. Cleaver seconded the motion. The motion passed without dissent.

Cattle Handling Facilities

- Added creep gates, creep feeders, and mineral feeders to the Handling Facilities and Equipment for Beef Cattle section
- Shared-use equipment component removed for inclusion in a Shared-use Equipment Model Program

Mr. Dick moved to accept the amended Cattle Handling Facilities model program. Mr. Case seconded the motion. The motion passed without dissent.

Forage

- All of the seeding component combined into one section, titled *A. Forage / Pasture Development*
- A new section added for lime and soil amendments only, *B. Pasture / Grain Improvement*
- Rental of seeding equipment added to the Custom Seeding Section
- Shared-use component removed for inclusion in a Shared-use Equipment Model Program

Minimum average herd size dropped from 25 to 10 animals

Mr. Dick moved to accept the amended Forage model program. Mr. Cleaver seconded the motion. The motion passed without dissent.

Goat Diversification

- The following equipment added for meat goats: bunk feeders, creep feeders, goat tote, and portable kidding pen.

Added membership in a producer owned marketing cooperative, computer hardware and software to assist in performance record keeping and financial management, and one half the cost of participation in the Kentucky Farm Business Management Program to the meat goat section, similar to how it is written in the dairy goat section.

Mr. Case moved to accept the amended Goat Diversification model program. Mr. Dick seconded the motion. The motion passed without dissent.

Hay, Straw and Commodity Storage

Clarified that \$5,000 is for the 18-month term of the legal agreement.

Mr. Goodin moved to accept the amended Hay, Straw and Commodity Storage model program. Ms. Amburgey seconded the motion. The motion passed without dissent.

Fencing

- Language was added in *III.A.8. Application Procedures & Guidelines: Guidelines for Local Agency Application for Program Administration* to allow administrators the option of cost-sharing either by the per acre method or the linear foot method.

Extend the term of the legal agreement for this program to 18 months to allow time if a producer is having the fence installed by a contractor.

Mr. Case moved to accept the amended Farm Livestock Fencing model program. Mr. Cleaver seconded the motion. The motion passed without dissent.

On-Farm Water Enhancement

Clarified that *filter fabric pads* are eligible materials for cost-share.

Mr. Case moved to accept the amended On-Farm Water Enhancement model program. Mr. Barlow seconded the motion. The motion passed without dissent.

Revolving Loan fund

(Handout on file with Board Secretary)

Staff recommends suspending this program to allow pilots of the program, such as Ohio County's, to run before continuing as a model program.

Mr. Case moved to suspend the Revolving Loan Fund program. Mr. Dick seconded the motion. The motion passed without dissent.

Application Process

(Changes on file with Board Secretary)

- The following language added to *III.B. Guidelines for Local Agency Administration*, as #6:

"Approved producers must submit the Producer Report associated with the program/investments being cost-shared, before reimbursement funds are received.

These Producer Reports are for the Administrator to use in filing out both the quarterly and close-out reports for the program, and to maintain on-file."

- The following text was removed from III.B.14. Reporting: "a listing of all credits, debits, and payees paid through this agreement."

The remainder of the sentence was clarified that the "copies of bank statements with check numbers and amounts **shall be kept on file according to the legal agreement and presented in the event of an audit.**"

- The following was added to *III.C. Guidelines for Producer Application Development by Local Agency #4*:

"Tenant farmers or those leasing land where the cost-share improvements will be located should supply a copy of their Schedule F, if they are unable to obtain permission to use the owner's FSN."

"For all capital construction projects/improvements, the land owner **must** be the applicant."

- The following language was added to address concerns about **waiting lists**:

"In cases where there is a waiting list, it is recommended that extra points be part of the scoring system to ensure that those approved, but not receiving funds in the prior 12-month program, receive priority in the new program."

"Applicants must indicate their intent to be considered in the new program, or their application will not be automatically rolled over into the new program for funding consideration."

Ms. Amburgey moved to accept the changes to the Application Process. Mr. Lawson seconded the motion. The motion passed without dissent.

New Model Programs

(New Guidelines are on file with Board Secretary)

Technology

Mr. Dick moved to accept staff recommendations. Mr. Barlow seconded the motion. The motion passed without dissent.

Timber and Woodlot Management

Mr. Moore moved to strike number one in its entirety. Mr. Dick seconded the motion. The motion passed without dissent.

Dairy

Mr. Case move to accept staff recommendations. Mr. Dick seconded the motion. The motion passed without dissent.

Pork

Mr. Cleaver moved to accept staff recommendations. Mr. Goodin seconded the motion. The motion passed without dissent.

Shared Use Equipment

Mr. Lawson moved to accept staff recommendations. Mr. Cleaver seconded the motion. The motion passed without dissent.

Closing Remarks

Mr. Case moved to invite former board members; to the January 20, 2005 Annual Meeting and have a plaque to recognize the members. Mr. Cleaver seconded the motion. The motion passed without dissent.

Ms. Gardner reminded the board that in their mailing there were sheets for nominations for awards that need to be turned into Stephen Yates.

Mr. Moore moved to invite Roger Thomas to the Board meeting on January 21, 2005 and give him a plaque. Mr. Lawson seconded the motion. The motion passed without dissent.

The next meeting of the Kentucky Agricultural Development Board will convene at the Executive Inn Rivermont on Friday, January 7, 2004 in Owensboro, KY. The meeting will start at 10:00 A.M. CT. Note time and location of meeting subject to change; ample notification will be given if such a change occurs.

The meeting adjourned at 3:47 p.m.

APPROVED: _____

PRESIDING OFFICER: _____

SECRETARY: _____

APPENDIX B: Model Program Lists

Agricultural Diversification

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2004-0512	Bracken County Agriculture Advancement	Bracken	\$52,500.00
			<u>\$52,500.00</u>

Cattle Genetics Improvement

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2004-0511	Mercer County Cattlemen's Association, I	Mercer	\$25,750.00
			<u>\$25,750.00</u>

Cattle Handling Facilities

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2004-0528	Jessamine County Beef Cattle Associatio	Jessamine	\$15,000.00
A2004-0510	Mercer County Cattlemen's Association, I	Mercer	\$50,000.00
A2004-0499	Muhlenberg County Cattlemen's Associa	Muhlenberg	\$26,587.56
			<u>\$91,587.56</u>

Farm Livestock Fencing Improvement

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2004-0518	Powell County Livestock Producers Associ	Powell	\$20,000.00
			<u>\$20,000.00</u>

Forage Improvement & Utilization

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2004-0513	Bracken County Conservation District	Bracken	\$105,000.00
A2004-0503	Pendleton County Conservation District	Pendleton	\$75,000.00
			<u>\$180,000.00</u>

Forage Improvement - Shared Use

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2004-0504	Clark County Conservation District	Clark	\$21,000.00
			<u>\$21,000.00</u>

Goat Diversification

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2004-0526	Red River Goat Association, Inc.	Powell	\$10,000.00
			<u>\$10,000.00</u>

Hay, Straw, & Commodity Storage

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2004-0520	Bullitt County Cattlemen's Association, I	Bullitt	\$50,000.00
A2004-0505	Clark County Conservation District	Clark	\$70,000.00
A2004-0525	Marshall County Conservation District	Marshall	\$36,750.00
A2004-0451	Montgomery County Cattlemen's Associ	Montgomery	\$84,250.00
A2004-0519	Powell County Livestock Producers Associ	Powell	\$20,000.00
A2004-0521	Wolfe County Conservation District	Wolfe	\$11,850.00
			<u>\$272,850.00</u>

New Applications for Referral

Appl #	Project Name	Project Type
A2004-0500	Mercer County Farm Bureau, Inc.	Agricultural Diversification
A2004-0502	Rockcastle County Fiscal Court	Project
A2004-0503	Pendleton County Conservation District	Forage Improvement & Utilization
A2004-0504	Clark County Conservation District	Forage Improvement - Shared Use
A2004-0505	Clark County Conservation District	Hay, Straw, & Commodity Storage
A2004-0506	McCord's Aquaculture Nursery	Project
A2004-0507	Western Kentucky University and Mammoth Cave Area Goat Producers Association, Inc.	Project
A2004-0508	The VanErden Group, LLC	Project
A2004-0509	Bracken County Agriculture Advancement Council, Inc.	Project
A2004-0510	Mercer County Cattlemen's Association, Inc.	Cattle Handling Facilities
A2004-0511	Mercer County Cattlemen's Association, Inc.	Cattle Genetics Improvement
A2004-0512	Bracken County Agriculture Advancement Council, Inc.	Agricultural Diversification
A2004-0513	Bracken County Conservation District	Forage Improvement & Utilization
A2004-0514	Clark County Extension District Board	Project
A2004-0515	Cumberland County 4-H Council	Project
A2004-0516	Bracken County Agriculture Advancement Council, Inc.	Project
A2004-0517	Bracken County Agriculture Advancement Council, Inc.	Project
A2004-0518	Powell County Livestock Producers Association, Inc.	Farm Livestock Fencing Improvement
A2004-0519	Powell County Livestock Producers Association, Inc.	Hay, Straw, & Commodity Storage
A2004-0520	Bullitt County Cattlemen's Association, Inc.	Hay, Straw, & Commodity Storage
A2004-0521	Wolfe County Conservation District	Hay, Straw, & Commodity Storage
A2004-0522	Marshall County Conservation District	Project

New Applications for Referral

Appl #	Project Name	Project Type
A2004-0523	Marshall County Conservation District	Project
A2004-0524	Marshall County Conservation District	Project
A2004-0525	Marshall County Conservation District	Hay, Straw, & Commodity Storage
A2004-0526	Red River Goat Association, Inc.	Goat Diversification
A2004-0527	Kentucky Cowtown, LLC	Project
A2004-0528	Jessamine County Beef Cattle Association, Inc.	Cattle Handling Facilities
A2004-0529	Robertson County Soil Conservation District	Forage Improvement & Utilization
A2004-0530	Robertson County Soil Conservation District	Hay, Straw, & Commodity Storage
A2004-0531	Lewis County Conservation District	Forage Improvement - Shared Use
A2004-0532	Western Kentucky Goat Association, Inc.	Goat Diversification
A2004-0533	Nicholas County Fiscal Court	Farm Livestock Fencing Improvement
A2004-0534	Nicholas County Fiscal Court	Forage Improvement & Utilization
A2004-0535	Nicholas County Fiscal Court	Cattle Handling Facilities